

TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1
AGENCY RESPONSE	1 - 2
FINDINGS AND RECOMMENDATIONS	
Travel/Local Transportation	2
Contractual Services	2
Miscellaneous Expense – Annual Dinner	2
Miscellaneous Expense – Legal Services	2
Recommendation	2

INTRODUCTION

The City of Detroit, Department of Human Services (DHS) entered into contract #CSBG-03-82007 with the Michigan Family Independence Agency (FIA) to provide programs to reduce poverty, revitalize low-income communities, and empower low-income families and individuals to become self-sufficient. The contract totaled \$8,446,571 and covered the period from October 1, 2002 through September 30, 2003. The Department of Human Services (DHS) was reimbursed for actual costs incurred through the submission of monthly billings to FIA.

SCOPE

The Office of Internal Audit performed an audit of DHS to determine if the Agency's billings were accurate, and if the costs charged were allowable and properly supported by the accounting records and other supporting documentation, in accordance with the terms of the contract. We also reviewed service records to determine if DHS maintained records of the services provided, and statistical records to document the success and outcomes of the programs.

EXECUTIVE SUMMARY

Based on our audit, we conclude that Department of Human Services (DHS) has overbilled FIA a total of \$11,300. The FICA tax, retirement cost, hospitalization cost, travel/local transportation, contractual services and miscellaneous expenses were overbilled. Our report recommends that the Bureau of Community Action and Economic Opportunity initiate the process to recoup \$11,300 from the DHS.

AGENCY RESPONSE

The management of City of Detroit, Department of Human Services (DHS) has reviewed all findings and recommendations included in this report. They indicated in a telephone

conversation on December 14, 2004 that they are in general agreement with the findings and recommendations in this report. An adjusting entry was made to correct finding #1.

FINDINGS AND RECOMMENDATIONS

Travel/ Local Transportation

1. DHS overbilled FIA \$5,725 for a seminar for the executive director. The seminar occurred in October of 2003. Therefore, the cost should have been billed in FY 2004.

DHS provided the journal entry to document the cost being transferred to FY2004.

Contractual Services

2. DHS overbilled FIA \$2,000 for contractual services. They had no documentation to support this charge.

Miscellaneous Expense – Annual Dinner

3. DHS overbilled FIA \$429 for the annual dinner because the documentation they provided for the dinner was \$429 less than the amount billed.

Miscellaneous Expense – Legal Services

4. DHS overbilled FIA \$3,146 for legal services. These legal services include City and County Legislative Lobbying costs of \$3,146.

WE RECOMMEND the Bureau of Community Action and Economic Opportunity initiate the process to recoup \$11,300 (\$5,725 + \$2,000 + \$429 + \$3,146) from the DHS.